

WILLIAM K. HARRINGTON
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By: Greg M. Zipes
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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Case No. 23-12102 (DSJ)

In re

ZIGI USA LLC,

Chapter 11

Debtor.

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**DECLARATION IN SUPPORT OF THE UNITED STATES TRUSTEE'S
MOTION TO CONVERT OR DISMISS THIS CHAPTER 11 CASE**

Pursuant to 28 U.S.C. § 1746, Valentina Vlasova, declares as follows:

I am an auditor for movant, William K. Harrington, the United States Trustee for Region 2 (“United States Trustee”). On his behalf, I am responsible for monitoring the chapter 11 case of Zigi USA LLC (“Debtor”), captioned above. I make this declaration based on personal knowledge, information and belief formed from records of the Office of the United States Trustee, kept in the ordinary course of its business, and on my personal review earlier today of the docket of this case on the ECF/CM information system. I submit this Declaration in support of the United States Trustee’s Motion to Convert or Dismiss these Cases (the “Motion”):

1. On December 31, 2023 (the “Filing Date”), the Debtor commenced this bankruptcy case by filing a voluntary petition under chapter 11 of the Bankruptcy Code.

2. I have reviewed the case docket which shows that the Debtor has not filed a Chapter 11 plan or disclosure statement. However, on December 2, 2024, the Debtor filed a motion to further extend the time to file a plan and disclosure statement [Dkt. No. 149], and the Debtor's motion is returnable on January 14, 2025.

3. My records reflect that, on June 6, 2024, the United States Trustee filed a motion to convert or dismiss (the "Prior Motion") [Dkt. No. 112]. The United States Trustee asserted that the Debtor had fallen behind with the filing of monthly operating reports and had not fully paid quarterly fees, among other issues. My records also reflect that the United States Trustee withdrew the Prior Motion after the Debtor took steps to bring itself into compliance with its administrative obligations. [Dkt. No. 117].

4. I have reviewed the case docket which shows the Debtor filed the August and September 2024 monthly operating reports [Dkt. Nos. 147 and 148], both on November 26, 2024. The docket reflects that the Debtor has failed to file the October 2024 monthly operating report, which is now past due.

5. My review of the monthly operating reports that have been filed show that the Debtor has recently incurred losses as follows:

	<u>Rent Paid as Reported</u>	<u>Operating Loss as Reported</u>
March 2024	\$2,863.96	(\$253,585.62)
April	\$122,685.54	(\$328,316.75)
May	\$88,092.46	(\$442,333.79)
June	\$162,917.54	(35,773.00)
July	\$258,280.92	(\$743,293.50)
August	\$49,502.58	(\$469,296.35)
September	\$71,042.76	(\$542,415.33)
TOTAL:	\$755,385.76	(\$2,815,014.34)

6. It appears that the Debtor cannot operate without the cash infusions relating to debtor-in-possession financing. The Court previously entered an order allowing the Debtor to obtain a \$1,0000,000 secured loan from Ex-Cell Limited (the “Lender”) subordinated only to the secured claim of the CIT Group. A copy of the Debtor’s Motion (the “DIP Motion”) seeking orders authorizing the Debtor to Obtain and Use a Post-Petition Loan (the “DIP Loan”) is attached as **Exhibit A**.

7. The Debtor does not attach Balance Sheet statements to the monthly operating reports as required by the Operating Guidelines and Reporting Requirements for Chapter 11 Debtors and Trustees, issued by the Office of the United States Trustee for Region 2 (revised March 1, 2023), and thus it cannot be determined with reasonable assurance how much has been borrowed under the DIP Loan. However, for the month of September 2024, the Debtor had a beginning balance of \$649,523.38 in the operating account x5183 located at JPMorgan Chase Bank, NA and an ending balance of \$76,773.59. I attach the latest filed monthly operating report, for the month of September 2024, as **Exhibit B**.

8. Lastly, the Debtor is delinquent in the payment of United States Trustee quarterly fees pursuant to 28 U.S.C. §1930(a)(6), together with any applicable interest pursuant to 31 U.S.C. §3717. The Debtor owes \$28,861, based on actual disbursements as reported in the Debtor’s monthly operating reports. This amount is due as of the third quarter 2024. The

following is an excerpt from the United States Trustee quarterly fee reporting program (FICS):

Case #:	081-23-12102	CPC:	OCS:	Billed(\$):	\$8,630.00
Debtor:	ZIGI USA, LLC	CDC:	CTO:	Fees(\$):	86,630.00
Opened:	12-31-23	CNV:	CBC:	Interest(\$):	0.00
Closed:			TIN:	Payments(\$):	
				Principal(\$):	-57,769.00
				Interest(\$):	0.00
				Balance(\$):	28,861.00
Quarterly Fees and Disbursements					
Quarter	Disbursements (\$)	Fee (\$)		Payments	
4-2023		250 Est		Batch/Trans ID	Date
1-2024	2,915,588	23,325		27FI2SPK	06-27-24
2-2024	4,274,285	34,194		01-046	08-28-24
3-2024	3,607,610	28,861		Type Code	Payment(\$)
				PMTLB	-23,575.00
				PMTLB	-34,194.00
			Interest		

I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct.

Dated: New York, New York
December 14, 2024

By: /s/ Valentina Vlasova
Valentina Vlasova